

# Connecticut Preservation Action

Commerce Committee Public Hearing – Thursday, February 24, 2010

## In Support of the Raised Bill 1023, with an amendment (see attached) to 10-416(a)

Senator LeBeau, Rep. Berger and members of the Commerce Committee: I am John Shannahan, retired Director of the Connecticut Historical Commission (1973-2003) and current Treasurer of Connecticut Preservation Action.

Job creation is job one this year for all of you. We are all counting on this legislature to be creative in the use of our state's assets to pull our economy out of this fiscal crisis. That is why I am happy to be here today to support Raised Bill 1023, concerning Historic Rehabilitation Tax Credits: the projects supported in this legislation create jobs that are local, high paying, and cannot be outsourced. How could we make it even better?

Currently both Statutes 10-416a and 10-416b restrict their utilization to buildings which have been either commercial or industrial, and which will become either residential under (a) or mixed residential and commercial under (b). CPA supports Raised Bill 1023 which proposes to open both measures to a more market-based approach. In addition, the types of buildings should be expanded to include historic structures which have been government (federal, state or municipal), mixed residential and nonresidential, residential of more than 4 units, or cultural properties. Finally, the post-rehabilitation uses should be expanded to any use, residential or nonresidential. The reasons for this proposal are many:

1. Historic rehabs create at least 12-percent **more jobs** per dollar invested than either new construction or manufacturing. **More qualified buildings will create more jobs.**
2. We will access **more federal dollars** into the state, as most rehabs twin this with the federal historic rehab tax credit, which are open to any project that is income-producing.
3. We will encourage **more private dollars** to be invested into real estate.
4. Of the 31 states with a historic rehab tax credits, **only our state limits** the types of buildings available to use the credit. Under current law, our statute does not permit the conversion of a church into a performing arts center, or a school into senior housing, the rehab of a historic city hall, or even an old apartment building into a new one.
5. Many historic structures simply do not lend themselves to conversion into housing, but they are very appropriate for light manufacturing, offices, art galleries or libraries.
6. Residential will continue to be a desired use for many projects. Among the projects done under the federal historic rehab tax credit over the past 31 years, more than 50-percent have residential use because the federal measure can be combined with Low Income Historic Tax Credit and New Markets programs.

Prior to final approval, CPA requests that Commerce Committee amend this legislation to clarify that government structures **must be historic** to qualify for the historic rehab tax credit. On line 10 the words "or government" should be deleted and inserted in line 11. If uncorrected the ramifications are significant, as it completely changes focus of the program away from historic preservation. I've attached a proposed amendment which delineates our changes and rationale.

Thank you for raising this important bill which we know will deliver good results for our state. More qualified buildings will create more jobs and our buildings will never be out-sourced.

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## Suggested amendments to Raised Bill 1023

1. [Lines 7-9] We understand the change from CCT to DECD because of the proposed merger. However, we are concerned that, if this bill becomes law and the merger does not, this program will move to DECD. This measure needs to be enforced by the office of the State Historic Preservation Officer, in whatever agency that resides.

2. [Lines 10-11] Delete the words "or government" in line 10. Insert "or government" line 11, in a sequence with "historic commercial or industrial or government property."

By making this change it will incorporate the changes sought in a similar Proposed Bill 5361 which states as its purpose: "To utilize and preserve former municipal and federal buildings, such as town halls, post office and schools, *with historic design significance* by making them eligible for tax credits." The intent here is quite clear that not ALL government buildings be eligible for the HRTC, but only those that are certified historic.

CPA supports the addition of the words to Line 11, but would strenuously object to their current placement on Line 10.

Furthermore we propose that the definition for "Certified historic structure" in line 10 be amended to provide for more qualified building types. We suggest that the definition read:

(2)"Certified historic structure" means a property that is historic commercial, industrial, institutional, cultural, government (federal, state, or municipal), mixed residential and nonresidential, residential of more than 4 units:

Strike (B) in its entirety

More qualified buildings will create more jobs.

3. [Line 19] The list of uses of a newly rehabbed structure should be left as wide open as possible, to encourage as much real estate activity as possible. Therefore, line 19 should read: "historic structure for residential, non-residential, or mixed residential and non-residential use consistent...."

4. All the changes in definition in Suggestions in 2 and 3 should be repeated in 10-416(b). Historically we came to have these two provisions for various reasons which reflected the priorities of the day, housing and mixed use. Today the priority is JOBS, and the more open we can make the definitions, the more projects we will support, the more successful our community revitalizations will be, and the more Connecticut construction workers will be back on the job.

5. Finally, if the above suggestions are approved, a sentence needs to be added to the law stating that an applicant can only apply to either section 10-416a or 10-416b, but not to both programs for the same project.

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Projects Not Eligible for the Connecticut Historic Rehab Tax Credits because of restrictions on use of the building, both before and after rehab

1. Palace Theater, Danbury.  
Use would remain as a theater and therefore does not qualify.
2. Horace Bushnell apartments, Hartford  
4-40 Vine Street. Nine buildings, currently of 89 affordable units, would be made into 108 affordable units. Doesn't qualify because original use is not industrial or commercial.
3. Colt Gateway, Hartford.  
The "U-shaped Building" is slated to become all-commercial space.  
Will not qualify because there is no housing component in this building.
4. The Beaux Arts era main post office, Atlantic Street, Stamford  
Could be adaptively re-used as a performance space, a restaurant or boutiques.  
No housing component.
5. St. Basil's Rectory, Glenbrook Road, Stamford  
Former religious institutions do not qualify. The large property is extremely valuable; this makes the building "underutilized" and hence, vulnerable. The upper stories could be converted to senior housing, leaving the small parlor museum intact.
6. The Sterling Farms Golf Authority, Stamford  
A large Colonial Revival building that now houses a restaurant and some offices and needs considerable repair. An alternate use such as an inn or B & B might make it financially viable, but not eligible.
7. The St. Luke's Complex, Stamford  
Currently houses a women's shelter in its rectory; could be converted to other uses: a poetry center/theater in the empty Parish Hall and a small tea house/bakery in the church (no longer in use for religious services).
8. The Rectory of St. Andrew's PE Church, Washington Boulevard, Stamford  
A recently demolished landmark, it could have been converted into offices or a non-profit foundation if gap funding had been available, but not eligible.
9. Vacant School, Town Center, Suffield  
Schools do not qualify. Conversion to office will cost \$2.3 million.
10. Collinsville Axe Factory, Collinsville (Canton)  
Some of the buildings on this multi-building property are best used for non-residential uses.

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In addition to the above specific examples, the following historic building types are never eligible, under the current laws:

- Churches
- Lighthouses
- City halls
- Schools
- Apartment buildings
- Barns
- Theaters
- Hospitals
- Any commercial/industrial building proposed for adaptive reuse not conducive to use as housing only because of configuration or mass of the building or its location
- Any preexisting mixed-use building the type which is found in all our main streets and town centers.

## Job Creation

All historic rehabilitation projects are good job creators. According to a recent study, for every \$1 million invested,

A rehab project creates 36.1 jobs;  
New construction creates 30.6 jobs; and  
Manufacturing creates 23.9 jobs.

In addition to the obvious construction jobs, other sectors benefitting from these projects are manufacturing, services, retail, and real estate. Rehabs are more likely than new construction to hire local workers in high-skilled, high-paying jobs.